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**To:** Renfrewshire Integration Joint Board

**On:** 18 September 2015

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**Report by:** Chief Finance Officer Designate

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**Heading:** Financial Governance and Assurance Arrangements

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## **1. Summary**

1.1. This report provides a further update on the report to the shadow Integration Joint Board voting members on 19 June 2015, regarding the development of Financial Governance and Assurance Arrangements for the Integration Joint Board (IJB).

1.2. The Financial Regulations, supported by detailed Financial Governance are informed by both the:

- Professional guidance developed by the Integrated Resources Advisory Group (IRAG), a national group established to develop guidance to support the implementation of the Public Bodies Joint Working (Scotland) Act 2014.
- Work to date from a GGC wide officer working group comprising NHS and Local Authority finance professionals developing IRAG guidance into a set of procedures that will support the IJB in decision making in strategic and operational finance matters.

1.3. The Financial Regulations remain subject to minor revisions to reflect ongoing local and national work in the following areas:

- Treatment of VAT
- Treatment of overheads and support services
- Year end accounts

In addition, periodic updates will be reflected as the Partnership develops.

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## **2. Recommendation**

That the Integration Joint Board

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- a) note the progress to date to put in place sound financial governance and assurance arrangements, and the planned activity up to 1 April 2016.
  - b) approve the IJB financial regulations for implementation from 1 April 2016 (Appendix 2)
  - c) approve the IJB financial governance arrangements for implementation from 1 April 2016 (Appendix 3)
  - d) approve the format and dates of reporting for the financial position of the IJB from 1 April 2016 (Appendices 4 and 5)
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### **3. Background**

- 3.1. As previously reported, the Public Bodies (Joint Working)(Scotland) Act 2014 and supporting statutory and non statutory guidance set out a number of provisions relating to good governance.
- 3.2. This paper provides an update to Board members on progress made to date with regard:
  - The Financial Assurance/Due Diligence process
  - Financial Regulations for the IJB
  - Finance policies and procedures
  - Ongoing budget scrutiny arrangements and timelines
  - Insurance arrangements for the Integration Joint Board
- 3.3. A number of separate reports relating to financial governance arrangements have also been submitted for Integrated Joint Board consideration at this meeting, namely:
  - Audit arrangements for the Integration Joint Board
  - Risk Management Policy, Strategy and procedures for the Integration Joint Board

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### **4. Financial Assurance / Due Diligence Process**

- 4.1. National guidance on Financial Assurance, issued by the Scottish Government's Integrated Resources Advisory Group (IRAG), states that although Integration Joint Boards will be established during

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2015/16 they will not be able to formally participate in the financial assurance process until that point. However one of the most important items of business for a newly established Integration Joint Board will be to obtain assurance that its resources are adequate to allow it to carry out its functions, and, to assess the risks associated with this.

- 4.2. **Appendix 1: Financial Assurance template** provides a template setting out the key aspects of the financial assurance, due diligence and risk assessment process for delegated resources in line with national guidance. This work supports and evidences the assurance and due diligence work being undertaken in relation to the initial budget.
- 4.3. This work is underway with good progress and an update will be provided at each IJB meeting.
- 4.4. The Directors of Finance of both parent organisations are undertaking a due diligence exercise which will be reviewed by the Internal Auditor of both organisations. The outcome of this exercise will be the subject of a report to the IJB on 18 March 2016.

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## 5. Financial Regulations

- 5.1. As a separate legal entity, the Integration Joint Board requires to put in place its own set of Financial Regulations which will incorporate an appropriate set of controls. These reference but do not cover the aspects which relate to operational service delivery as these will continue to be reflected in the Financial Regulations of the Council and the Standing Financial Instructions of the Health Board. Officers from Renfrewshire have worked with finance colleagues across the NHS Board area to develop a standard set of IJB Financial Regulations. These have now been tailored for Renfrewshire by the Chief Finance Officer, for approval by the IJB – **Appendix 2: IJB Financial Regulations**. These regulations would apply from 1 April 2016.

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## 6. Finance Policies and Procedures

- 6.1 As with the Financial Regulations above, a series of standard financial policies and procedures, which reflect national guidance, have been developed in collaboration with colleagues across the NHS Board area. These have now been tailored by the the Chief Finance Officer for implementation in Renfrewshire as of 1 April 2016 – **see Appendix 3: IJB financial governance manual**.

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## 7. Budget Scrutiny Arrangements

- 7.1 From 1 April 2016, the Chief Officer, supported by the Chief Finance Officer, will be responsible on behalf of the IJB for managing the NHS and Council budgets for functions delegated to it. The Integration Scheme sets out reporting requirements to the IJB on these areas. The proposed future reporting timetable which brings together the partnerships respective budgets is included in **Appendix 4**. In addition, the proposed format for the financial report is included in **Appendix 5** and also as a separate report to this board.

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## 8. Insurance Arrangements

- 8.1 In terms of insurance cover specifically for the members of the IJB in the discharge of their responsibilities, as previously agreed by the Shadow Integration Joint Board, the Chief Officer is now in the process of submitting the relevant papers to the Scottish Government to become members of The Clinical Negligence and Other Risks Indemnity Scheme (CNORIS). CNORIS is a risk transfer and financing scheme established by the NHS.
- 8.2 In relation to arrangements for the handling of claims in respect of the NHSGG&C services that are hosted by Renfrewshire Health and Social Care Partnership (HSCP), the arrangements that were in place for the former Community Health Partnership will continue 'business as usual.' In practice this means that any claims arising from either Renfrewshire health services or other IJB areas that relate to the service/s hosted by Renfrewshire HSCP will be passed to NHS GGC's Litigation and Risk Manager for handling in the context of NHS GGC's membership of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS).

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## Implications of the Report

1. **Financial** – the report covers the financial governance arrangements being developed to support effective joint working within allocated budgets.
2. **HR & Organisational Development** – n/a
3. **Community Planning** - n/a
4. **Legal** – The financial governance arrangements support the implementation of the provisions of the Public Bodies (Joint Working) (Scotland) Act 2014.

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5. **Property/Assets** – property remains in the ownership of the parent bodies.
  6. **Information Technogloy** – n/a
  7. **Equality & Human Rights** – The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
  8. **Health & Safety** – n/a
  9. **Procurement** – n/a.
  10. **Risk** – effective financial governance and assurance is a key component of good risk management
  11. **Privacy Impact** – n/a.
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**List of Background Papers** – none

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**Author:** Sarah Lavers, Chief Finance Officer (Designate)



## Renfrewshire Health and Social Care Partnership Financial Assurance – Due Diligence Template

The table below sets out the key aspects of the “financial assurance and risk assessment for delegated resources” element of the process in line with national guidance, as a framework to support and evidence the assurance work undertaken in relation to the assurance around the initial budget

Areas to cover		Social Work		Health	
		Reviewed	Comments	Reviewed	Comments
1	<p>The budget in the financial plan for 2015/16 has been assessed against actual expenditure reported in the management accounts for the most recent three years.</p> <ul style="list-style-type: none"> <li>the identification of that part of the former SW budget relating to the delegated services is clear</li> <li>the treatment of corporate support services is clear</li> <li>the identification of housing budgets to be delegated is clear</li> <li>the prior year figures can be reconciled back to the council budget papers and final management accounts.</li> <li>the review of prior years and into 2015/16 show adequate budget provision for the delegated functions.</li> </ul>				
2	The assumptions used in rolling forward the budget from 2014/15 to 2015/16 plans and the associated risks				

	are fully transparent.					
	<ul style="list-style-type: none"> <li>The unavoidable exercise for 2015/16 makes clear the assumptions in relation to anticipated pressures and planned mitigation activity at the time of drafting, and the subsequent unavoidable funding allocation reflecting variation from the initial assumptions is transparent.</li> </ul>					
3	Material non-recurrent funding and expenditure budgets for the delegated services and related risks are transparent.					
4	The medium term financial forecast for the delegated services and associated assumptions and risks is reviewed	tbc				
5	<p>Savings and efficiency targets and any schemes identified are clearly identified and the assumptions and risks are understood by all partners</p> <ul style="list-style-type: none"> <li>Corporate efficiency targets are clear from Council/CMT papers</li> <li>Demand management activity in relation to adult services is transparent in the unavoidable schedule</li> </ul>					
6	<p>Budget for 2015/16 has been set taking into account:</p> <ul style="list-style-type: none"> <li>Cost inflation</li> <li>Activity change such as demographic pressure</li> <li>Cost impact of any legislative</li> </ul>					



	changes					
	<ul style="list-style-type: none"> <li>efficiencies</li> </ul>					
7	<p>The amount set aside for the IJB consumption of large hospital services is consistent with the methods recommended in the IRAG guidance on the set aside resource and that the assumptions and risks are assessed - <i>part of NHS due diligence exercise.</i></p>					



**Renfrewshire  
Health & Social Care Partnership**



**Renfrewshire Health and Social Care  
Partnership  
IJB  
Financial Regulations**



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The IJB promotes the principles of sound corporate governance; these Financial Regulations provide an essential component of the corporate governance of the IJB.



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## Section A: Introduction and General Issues

### 1. What the Regulations Cover

- 1.1 Both NHS Greater Glasgow & Clyde (NHSGG&C) and Renfrewshire Council operate under Financial Regulations/Standing Orders for the operational delivery of services. As this service delivery will continue to be carried out within NHSGG&C and Renfrewshire Council, these Financial Regulations relate specifically to the affairs of the IJB, and, therefore are more limited and focused in scope. All operational and transactional finance matters for the delivery of Renfrewshire Health and Social Care Partnership will comply with Renfrewshire Council Financial Regulations and NHSGG&C Standing Financial Instructions.
- 1.2 Renfrewshire Health and Social Care Partnership is governed by the Renfrewshire **IJB (IJB)** established by Scottish Ministers as a consequence of the Integration Scheme approved by Renfrewshire Council and NHSGG&C in terms of the Public Bodies (Joint Working) (Scotland) Act 2014. Renfrewshire Council and NHSGG&C have delegated functions and resources to the IJB. The IJB will direct the Council and the Health Board on how resources will be spent in line with the approved Strategic plan, and allocate resources back to them in accordance with this direction. The IJB will retain responsibility for oversight and management of expenditure within the allocated budgets.
- 1.3 Under the Scottish Government Regulations, for all IJB's in Scotland, the Chief Officer, supported by the Chief Financial Officer must ensure that there are adequate systems and controls in place for the proper management of its financial affairs.
- 1.4 These Financial Regulations detail the responsibilities of the IJB for its own financial affairs.
- 1.5 The Chief Officer and the Chief Financial Officer will follow these Regulations at all times in relation to the conduct of the IJB's own financial affairs.
- 1.6 All actions that affect the IJB's finances should only be carried out by properly authorised employees. The Chief Officer will establish a clear and effective framework of authorisation for the IJB.
- 1.7 The Chief Officer and the Chief Financial Officer will ensure that the IJB only commits to expenditure that it is legally able to commit to and is within scope of the approved Integration Scheme and Strategic Plan. Where this is not clear, the Chief Finance Officer will consult the Accountable Officer of NHSGG&C and and/or the Section 95 Officer of Renfrewshire Council.
- 1.8 If it is believed that anyone has broken, or may break, these Regulations, this must be reported immediately to the Chief Financial Officer, who may then discuss the matter with the Chief Officer to determine what action should be taken.

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- 1.9 The Chief Officer and other authorised persons will ensure that all expenditure within the Integration budget meets proper accounting standards.
  - 1.10 The Chief Financial Officer will interpret the regulations and put them into practice in a way which takes account of the obligations in the IJB's standing orders relating to contracts, if and when applicable.
  - 1.11 The IJB will consider and approve any alterations to these Financial Regulations on an ad hoc basis as required for specific issues. The Financial Regulations will be the subject of regular review and/ or updated with any relevant legislative changes.
  - 1.12 These Financial Regulations are supported by detailed policies within the accompanying Financial Governance Manual.

## **2. Corporate Governance**

- 2.1 Corporate governance is about the structures and processes for decision-making, accountability, controls and behaviour throughout the IJB. The basic principles of corporate governance are as follows.

**Openness** Anyone with an interest in the affairs of the IJB should have confidence in: the decision-making; management processes, and, individuals involved in them. This confidence is gained through openness in its affairs and by providing full, accurate and clear information which leads to effective and timely action and scrutiny.

**Integrity** There should be honesty, selflessness, objectivity and high standards of conduct in how the IJB's funds and affairs are managed. Integrity depends on the effectiveness of the control framework and on the personal standards and professionalism of members and officers involved in the running of its affairs.

**Accountability** There needs to be a clear understanding by everyone involved in the IJB's affairs of their roles and responsibilities. There should also be a process which provides appropriate independent examination of the decisions and actions of those involved, including how the IJB's funds and performance are managed.

- 2.2 These financial regulations are an essential part of the corporate governance of the IJB.
- 2.3 Members of the IJB are required to follow any formally agreed national codes of conduct.

## **3. Responsibilities under these Financial Regulations**

- 3.1 The IJB will continuously work to secure best value for money, economy, efficiency and effectiveness in how the organisation directs its resources.
- 3.2 The Chief Financial Officer (in consultation with the Chief Officer) will advise the IJB on the financial implications of the IJB's activities. The Chief Financial Officer will



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ensure that budget holders receive impartial advice, guidance and support and appropriate information to enable them to effect control over expenditure and income.

### **Strategic Plan and Integrated Budget**

- 3.3 The IJB will approve a Strategic Plan which sets out arrangements for planning and directing the functions delegated to it by Renfrewshire Council and NHSGG&C. The Strategic Plan will cover a three-year period and will determine the budgets allocated to each operational partner for operational service delivery in line with the Plan, recognising that these may need to be indicative. The IJB will publish its Strategic Plan as soon as practicable after finalisation of the plan.
- 3.4 The Chief Officer and the Chief Financial Officer will prepare the integrated budget based on the Strategic Plan and present it to Renfrewshire Council and NHSGG&C for consideration, and, agreement as part of the annual budget setting process. (Regulations 11 and 12 provide further guidance).

### **Budget Management**

- 3.5 Budget holders within Renfrewshire Council and NHSGG&C will be accountable for all budgets within their control as directed by the IJB in line with the Strategic Plan. The IJB will ensure appropriate arrangements are in place to support good financial management and planning. The IJB must follow the agreed policies, set out in the supporting Financial Governance Manual (FGM), in relation to:
- Management of Integrated Budgets – Guiding Principles (FGM Section 1)
  - Budget Setting (FGM Section 2)
  - Scheme of Virement (FGM Section 3)
  - Capital Planning (FGM Section 4)
  - Managing Financial Performance (FGM Section 5)
  - Reserves policy and strategy (FGM Section 6)
- 3.6 Renfrewshire Council's Section 95 Officer and NHSGG&C's Director of Finance, will provide the Chief Financial Officer with management accounts and forecasts to allow the IJB to monitor the overall financial performance of the IJB's functions, in relation to the approved Revenue Budgets.
- 3.7 The Chief Financial Officer will provide each meeting of the IJB with budget monitoring reports along with explanations for any significant variations from budget and the actions planned to deal with them.

## **4. The Framework for Financial Administration**

- 4.1 Throughout the Financial Regulations, the responsibilities of Board Members, the Chief Officer and the Chief Financial Officer are detailed within the context of each area.
- 4.2 The Chief Financial Officer will monitor how the Financial Regulations operate within the IJB, and will provide the IJB with a written framework which governs its financial affairs.

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## **5. Reviewing the Financial Regulations**

- 5.1 The IJB will consider and approve any alterations to these Financial Regulations. The IJB may also withdraw these financial regulations. If so, this will come into force from the first working day after the end of the IJB meeting at which the change or withdrawal was approved.

## **6. Legal Advice**

- 6.1 Renfrewshire Council and NHSGG&C will provide legal advice regarding these Financial Regulations as required in relation to the functions delegated to the IJB.

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## **Section B: Specific Areas**

### **7. Financial Reporting**

#### **Introduction**

This Financial Regulation gives advice on the IJB's requirements for accounting procedures and records, production and publication of Annual Accounts, maintenance of a joint property register and the presentation of External Audit reports to the Board.

#### **Preparing Procedures, Records and Accounts**

- 7.1 The Chief Financial Officer will prepare the Annual Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (The CODE), reporting the IJB's financial performance for the year to 31 March to the IJB. The approved Accounts must also be forwarded to the Controller of Audit no later than the 30<sup>th</sup> June of the same year, or such date as decided by the Controller of Audit.
- 7.2 The accounts of the IJB will be hosted by Renfrewshire Council.
- 7.3 The Chief Financial Officer must provide any information necessary for the closure of the Accounts and within prescribed timescales. Details of the information required and procedures to be followed will be issued annually by the Chief Financial Officer. The format of the Accounts and the relevant notes to the Accounts of the Health Board and the Council will be in line with national CIPFA and / or LASSAAC guidance.

#### **Presenting External Audit Reports**

- 7.4 The Chief Financial Officer will ensure the presentation of all External Audit reports including reports on the audited Annual Accounts to the IJB and make such reports available to NHSGG&C and Renfrewshire Council.
- 7.5 In consultation with Renfrewshire Council, which hosts the annual accounts, the Chief Financial Officer will make appropriate arrangements for the public inspection of the IJB's Accounts.

### **8 Capital Planning**

#### **Introduction**

This Financial Regulation details the IJB's requirements in relation to its three year Capital Plan. However, it should be noted that no property assets will transfer to the IJB and will remain in the ownership of the parent body.

- 8.1 The Chief Officer annually, in consultation with Renfrewshire Council and NHSGG&C, will prepare a Capital Plan to make best use of existing resources and identify the asset requirements to support the Strategic Plan.
- 8.2 The Capital Plan will be submitted to the IJB for approval.

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- 8.3 Business Cases will be prepared by the Chief Officer and Chief Finance Officer and submitted to Renfrewshire Council's Capital Planning Group or NHS GG&C's Capital Planning Group for approval.
  - 8.4 The Chief Officer will be a member of both partners' Capital Planning Groups.
  - 8.5 Where new capital investment is required to deliver the Strategic Plan both partners should consider the Business Plan.

## **9. Control of Capital Expenditure**

### **Introduction**

This Financial Regulation details the IJB's requirements for monitoring Capital Expenditure in relation to the approved Capital Plan.

- 9.1 The IJB does not receive a capital funding allocation. Capital projects are funded by either Renfrewshire Council, or, NHS GG&C, and, expenditure will be controlled in accordance with their financial regulations.
- 9.2 The IJB will receive financial monitoring reports from both partners which will include information on capital expenditure against approved schemes relevant to the services delegated to the IJB.
- 9.3 In matters relating to capital planning and expenditure, the Capital Planning Guidance developed for the partnerships in NHS GG&C should be followed.

## **10. Strategic Plan and Financial Plan**

### **Introduction**

This Financial Regulation details the IJB's requirements for the preparation of a Strategic Plan covering the next three financial years.

- 10.1 The format of the Strategic Plan will be determined by the Chief Officer taking into account legislative requirements in terms of consultation and approval processes and national guidance in terms of content.
- 10.2 The Chief Officer will each year update the Strategic Plan which will incorporate an indicative financial plan for the resources within the scope of the IJB. The Strategic Plan will set out the level of capacity required in each year for three years in all areas of the HSCP's responsibility and the notional allocation of resources within the scope of the plan across these areas. The Chief Officer will prepare the Integration Budget based on the Strategic Plan for approval by the IJB.

## **11. Control of Revenue Expenditure**

### **Introduction**

This Financial Regulation sets out the principles of the IJB's requirements for budget monitoring, variance reporting and virement to control revenue expenditure. Detailed

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policies support these principles in the FGM as identified at 3.5 above.

## **12. Internal Audit**

### **Introduction**

NHSGG&C and Renfrewshire Council shall decide upon the internal audit service to review internal control systems operated within the IJB and decide upon which Chief Internal Auditor and internal audit team from either NHSGG&C or Renfrewshire Council shall be the incumbent. Internal audit shall independently and objectively examine, evaluate and report on the adequacy of internal control, governance and risk management arrangements within the IJB. The guidance developed on Internal Audit for the partnerships across the Board area should be followed.

## **13. Board Members' Expenses**

### **Introduction**

This Financial Regulation details the IJB's requirements for the payment of Board Members' expenses and provides guidance on claims procedures.

- 13.1 Payment of voting Board Members' allowances will be the responsibility of the Members' individual Council or Health Board, and will be made in accordance with their own Schemes.
- 13.2 Members are entitled to payment of travel and subsistence expenses relating to approved duties. Members are required to submit claims on the IJB's agreed expenses claim form and as far as practicable to provide receipts in support of any expenses claimed.
- 13.3 Non-voting members of the IJB will be entitled to payment of travel expenses. Non-voting members are required to submit claims on the IJB's agreed expenses claim form and as far as practicable to provide receipts in support of any expenses claimed. The costs relating to expenses incurred by the non-voting members of the IJB will be shared equally by NHSGG&C and Renfrewshire Council.
- 13.4 The Chief Financial Officer will ensure that a record of all expenses paid under the Scheme, detailing name, amount and nature of payment.



**Renfrewshire  
Health & Social Care Partnership**



# **Renfrewshire Health and Social Care Partnership Integration Joint Board Financial Governance Manual**





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## Section 1: Management of Integrated Budgets - Guiding Principle

### 1. Introduction

- 1.1 The purpose of this section is to detail a set of guiding principles for the management of budgets for the HSCP. These are in line with National Finance Guidance produced by the Scottish Government's Integrated Resources Advisory Group (IRAG).

### 2. Background

- 2.1 Renfrewshire IJB will be responsible for managing NHSGG&C and Renfrewshire Council service budgets and will be accountable to each agency for their management. The majority of these service budgets are from general funding allocations and are therefore governed by the Standing Financial Instructions/Financial Regulations of each partner agency, however, some require to be managed separately as detailed in section 3.

- 2.2 This section establishes a set of principles which will guide budget holders in the exercise of their budget management responsibility. These principles should be applied within the context of the established budget and service planning process currently operated by Renfrewshire Council and NHSGG&C, which will take into account the IJB joint strategic plan. The IJB must make arrangements for the proper administration of its financial affairs and has appointed an officer with this responsibility (the Chief Financial Officer). The Chief Financial Officer (CFO) is the Accountable Officer for financial management and administration of the IJB. The Chief Officer has all other accountable officer responsibilities. The Chief Financial Officer's responsibility includes assuring probity and sound corporate governance and responsibility for achieving Best Value. **(Appendix 1 details the role of the CFO).**

- 2.2.1 A number of considerations were key in establishing these guiding principles:
- Budget responsibility should where possible, follow the ability to commit resources/control expenditure. The CFO will have a key responsibility in ensuring that budget holders are fully aware of their responsibilities.
  - The requirement for policies and procedures in respect of control, routine monitoring and reporting of performance in line with IJB and partner expectations. Financial performance will be a standing item on the IJB agenda.
  - The need to achieve delegation of responsibility to an appropriate level, recognising the statutory responsibilities of Renfrewshire Council and NHSGG&C to manage their budgets.
  - The need to provide for budget flexibility in the event of changes in demand.
  - Where ring-fencing restrictions are in place, there may be limited scope for virement of these resources. Further detail is provided in section 3.
  - The need to have clear and proportionate arrangements which support effective service delivery within the budget available.

- The need to manage the business of the IJB and the implementation of its strategic plan ensuring best value in the use of its resources and safeguarding its assets.
- The Standing Financial Instructions and / or Financial Regulations of each partner organisation and those of the IJB will cover virement within and across agency boundaries. Further detail is provided in section 3.

### 3. Budget Categories

- 3.1 A range of budget categories are allocated to the IJB. Renfrewshire IJB will have full responsibility for delegated budgets as of 1 April 2016.

These are as follows:

#### 3.2 Category 1 - Directly Managed (DM)

Budgets where NHS GGC and/or Renfrewshire Council have allocated budget management responsibility to the IJB, and, where there are no specific conditions attached due to the nature of the funding source.

#### 3.3 Category 2 - Directly Managed Ring fenced (DMR)

Budgets where NHS GGC and/or Renfrewshire Council have allocated budget management responsibility to the IJB, but where there are specific conditions attached. The nature of the funding source and the conditions attached dictate that the use of funding is ring fenced for specific purposes.

#### 3.4 Category 3 – Managed on Behalf (MOB)

Budgets where NHS GGC and/or Renfrewshire Council have allocated budget management responsibility to the IJB, but where one Joint Board is responsible for managing the service on behalf of one or more other Joint Boards. Where this arrangement applies, the responsible IJB will be expected to manage overall service expenditure within available funds. An example of a budget which is managed within Renfrewshire HSCP under a hosted arrangement is podiatry.

#### 3.5 Category 4 - Centrally Managed, with Spend/Consumption Targets (CMT)

Budgets which at present remain centrally managed by NHS GGC, but where the HSCP will participate in the process of service/expenditure management through the allocation of either spend targets or consumption targets. It is anticipated that over time, a range of service budgets within this category may pass to the direct management responsibility of the HSCP.

#### 3.6 Category 5 - Centrally Managed (CM)

Budgets which will continue to be managed centrally due to type and/or scale.

#### 3.7 Category 6 – Set Aside (Acute) (SA)

The notional budget should include the resources for in scope hospital services used by the partnership population for NHS GGC. ***The method for determining the amount set aside for hospital services is still to be agreed.***

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### **3.8 Category 7 - Other NHS Notional Budgets, outwith Acute (ON)**

Budgets where HSCP's are unable to influence expenditure levels, but, have a monitoring role, these are regarded as notional allocations (eg. General Dental Services).

## **4. Risk Sharing Arrangement – Prescribing Budget**

4.1 NHSGG&C HSCP's have agreed to the adoption of a risk sharing arrangement to the management of the Primary Care Prescribing Budget which will work as follows:

- (i) Individual HSCP underspends and overspends will be pooled to arrive at a net overall position relative to overall budget.
- (ii) If (i) produces an overall overspend, this will be offset against a joint general contingency established by the HSCP's pre integration, which is held centrally by NHSGG&C. If this leaves a residual overspend, each HSCP will establish the scope for containing this within the totality of its service budget, before approaching NHSGG&C as a last resort, to explore the scope for release of further funding on a recurrent or non recurrent basis as appropriate.
- (iii) if (i) or (ii) produces an overall underspend, this will be available for distribution to each HSCP on a pro rata basis, based on the proportion of its primary care prescribing budget to the overall consolidated total of HSCP primary care prescribing budgets.

## **5. Non Recurring Funding**

5.1 HSCP's may receive non recurring funding in any one year from either parent body which will relate to a specific activity and must account for such funding as required. It must not be utilised for purposes other than the basis of the funding, nor should HSCP's plan for any recurrence of such funding. Typical examples include:

- Contribution towards cost pressures resulting from the resource allocation model (RAM)
- Project funding, including any invest to save initiatives
- One-off allocations to assist with specific cost pressures such as the impact of winter pressures, specific utility or fuel cost spikes

## **6. General Information**

6.1 The Chief Officer will engage with NHSGG&C and Renfrewshire Council at appropriate points in the annual strategic and financial planning process.

6.2 At the start of each financial year, in parallel with establishing HSCP service expenditure budgets, a financial template will be prepared, identifying the sources of funding which combine to finance the HSCP's annual expenditure budget.

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## Section 2: Budget Setting

### 1. Introduction

- 1.1 The legislation requires that the IJB produces a Strategic Plan which sets out the services for Renfrewshire over the medium term (3 years). This Strategic Plan should incorporate a medium term financial plan (3 years) for the resources within the scope of the Strategic Plan, which will comprise both the Integrated Budget and the notional budget, i.e. the amount set aside by NHSGG&C for large hospital services used by the IJB population.

### 2. Determination of Budgets

The method for determining allocations to the IJB is contingent on the respective financial planning and budget setting processes of Renfrewshire Council and NHSGG&C. While the IRAG guidance advises that partners should aim to give indicative three year allocations to the IJB, in reality this will not be possible. Both Local Authority and Health Board budgets are determined by funding, which will only be notified on an annual basis. Any indication of future allocations to the IJB should therefore be considered as broad planning assumptions.

The Chief Officer, and the Chief Financial Officer should the Integrated Budget based on the Strategic Plan and present it to Renfrewshire Council and NHSGG&C for consideration and agreement as part of the annual budget setting process. This should be evidenced based with full transparency on its assumptions taking account of:

- **Activity Changes.** The impact on resources in respect of increased demand (eg. demographic pressures and increased prevalence of long term conditions) and for other planned activity changes;
- **Cost inflation.** Pay and supplies & services cost increases. Pay increases will largely be determined by national agreements. Some supplies & services cost increases will be influenced by contractual arrangements regarding uplifts;
- **Efficiencies.** All savings (including increased income opportunities and service rationalisations/cessations) should be agreed between the IJB and its partner organisations as part of the annual rolling financial planning process to ensure transparency;
- **Performance on outcomes.** The potential impact of efficiencies on agreed outcomes must be clearly stated and open to challenge by either partner organisation;
- **Legal requirements.** Legislation may entail expenditure commitments that should be taken into account in adjusting the payment;
- **Transfers to/from the set aside budget for hospital services** set out in the Strategic Plan;
- **Adjustments to address equity.** Renfrewshire Council and NHSGG&C may choose to adjust contributions to smooth the variation in weighted capita resource allocations across partnerships; information to support this will be provided by ISD and ASD;

- 
- **Resource Transfer.** Some Social Work expenditure budgets will be funded by resource transfer payments. It is recommended that NHSGG&C continue paying resource transfer to Renfrewshire Council and exclude it from its payment to the IJB. Renfrewshire Council would include in its payment to the IJB the social work services funded by the resource transfer. It is assumed that an annual inflationary uplift will continue to be applied to resource transfer by NHSGG&C.

Renfrewshire Council and NHSGG&C will evaluate the case for the Integrated Budget against their other priorities and are expected to negotiate their respective contributions accordingly. The allocations will be a negotiated process based on priority and need and it should not be assumed that they will be the same as the historic or national allocations to Renfrewshire Council and NHSGG&C.

The allocations made from the IJB to Renfrewshire Council and NHSGG&C for operational delivery of services will be approved by the IJB. The value of the payments will be those set out in the Strategic Plan approved by the IJB.

The legislation requires that this direction should be in writing and must include information on:

- The integrated function/(s) that are being directed and how they are to be delivered; and
- The amount of and method of determining the payment to carry out the delegated functions.
- A direction from the IJB should take the form of a letter from the Chief Officer to the NHSGG&C or Renfrewshire Council referring to the arrangements for delivery set out in the Strategic Plan and/or other documentation. Once issued they can be amended or varied by a subsequent direction.

### **3. Overheads**

- 3.1** The decision on which overheads to include and whether they are included in the Integrated Budget or as notional budgets is a matter for local decision.

### **4. Scottish Government guidance on set aside for Large Hospital Services and Hosted Services**

- 4.1** The resources used by the population of an IJB for delegated services that are provided on a hosted arrangement, should be included in the respective integrated Budget of each IJB as set out in the legislation. The IJB is required to include in its strategic plan the capacity required from the hosted service by its population. The Chief Officer responsible for managing the hosted service should take the lead in coordinating the IJB's development of their strategic plans for that service.
- 4.2** The purpose of the guidance, produced jointly by the IRAG and the Joint Commissioning Steering Group, is to provide advice on:
- Implementing the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) and regulations in respect of the amounts to be set aside for those delegated provided in 'large hospitals',

- 
- The treatment of hosted services included in delegated functions.

4.3 The guidance covers:

- A method for establishing the amount to be set aside for the services that are delivered in a 'large hospital', as defined in the Act – ie. showing consumption by partnership residents;
- A method for quantifying and reporting performance for the financial consequences of planned changes in capacity as they relate to 'set aside' budgets for large hospitals, which may be:
  - i) steady state i.e. the strategic plan results in no changes to consumption of services in scope / is designed to avoid increases in consumption.
  - ii) Increased consumption
  - iii) Decreased consumption

4.4 Both ii) and iii) above have implications for transfer to/from the set aside and the integrated budget, on completion of the change programme.



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## **Section 3: Development of the Joint Financial Framework**

### **Scheme of Virement – for the IJB**

#### **1. Introduction**

- 1.1 The purpose of this section is to set out a scheme for the operation of virement arrangements within the IJB.

#### **2. Background**

- 2.1 The establishment of the IJB requires NHSGG&C and Renfrewshire Council managers to take responsibility for the joint planning, resourcing, and delivery of services, lead by the Chief Officer supported by the Chief Finance Officer.
- 2.2 The retention of existing organisational frameworks in Scotland means that NHSGG&C and Renfrewshire Council will continue to exist as separate legal entities with statutory responsibility for the management of the resources allocated to them under the agreed governance arrangements of the IJB.
- 2.3 To support the establishment of joint working arrangements, there is a need to provide a scheme of virement for the IJB to allow flexible use of resources across agency boundaries where this is required, in line with the joint strategic plan. The current mechanism used for resource transfer will be followed for this purpose.
- 2.4 The purpose of this framework is to promote the flexible use of resources in support of the achievement of service aims and objectives while maintaining overall financial stability for the IJB, Renfrewshire Council and NHSGG&C.

#### **3. Proposed Scheme of Virement**

##### **Range of services and budgets**

- 3.1 The services which come within the scope of this scheme of virement are: resources covered by the Strategic Plan of the IJB; (this includes the amount in respect of delegated adult social care services), the amount covered by delegated primary and community health care services; and, for those delegated hospital services and the amount set aside by NHSGG&C for services provided in large hospitals for the population of the IJB.
- 3.2 The IJB budget will comprise both new and existing funds. In the short term there will be limited room for manoeuvre where costs are fixed in nature (e.g. permanent staffing budgets), however, there is a need to provide for the option to use resources flexibly where the opportunity arises.
- 3.3 Where budgets have specific conditions attached to their use by the Scottish Government, the operation of virement arrangements will require to ensure that funding continues to be deployed in a way which satisfies these conditions.

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### **3.4 Exercise of virement**

- 3.4.1 Decisions regarding the deployment of new monies and the redeployment, if applicable, of existing monies including any sustained underspend(s), will typically be made in the context of the annual budget setting process with respect to the Strategic planning process. These may reflect policy decisions agreed at the Integrated Board to change the balance of care from the joint strategic plan or to re-engineer services in a more limited way.
- 3.4.2 The outcome may be that the IJB seek to vire resources across partners, to enable implementation of strategic plans. The payment mechanism will be the current resource transfer arrangements.

### **3.5 Set Aside (Acute)**

- 3.5.1 It is recommended that partners avoid the creation of a bureaucratic process for reporting and adjusting for monthly activity and cost variances and establish a process for the Chief Officer, Chief Finance Officer and the hospital sector to jointly monitor in year actual demand and provide for virement, if required, based on practical thresholds.

### **3.6 Guiding principles**

- 3.6.1 The guiding principles of this scheme are set out below:
- Budget responsibility should as far as possible, follow ability to commit resources/control expenditure.
  - The need to achieve real delegation of responsibility to appropriate level, but also to recognise the statutory responsibilities of Renfrewshire Council and NHS GGC to manage the overall envelope(s) of resources available to them.
  - The need to provide for sufficient short term financial stability for services experiencing sudden changes in demand, to allow these to respond flexibly to such changes.
  - The need to limit ring-fencing restrictions where possible to allow scope for genuine virement of resources where appropriate.

### **3.7 Procedural arrangements**

- 3.7.1 Where the decision to vire may have an impact on service provision by another HSCP, virement proposals will require the support and commitment of the head of that service along with the relevant Chief Finance Officers as a necessary precondition of submission. It is important that all parties are agreed to what is being proposed. Commitment of all parties, evidenced by authorised signatures, will be necessary before virement proposals are submitted for processing.
- 3.7.2 Any proposal impacting on the balance of funding between the partner organisations will require approval of the IJB, the Section 95 Officer of Renfrewshire Council and the Director of Finance NHS GGC.

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### **3.8 Overspends/underspends**

- 3.8.1 Where resources have been vired from one partner to another, and an overspend arises in relation to the resources transferred, it is the responsibility of the IJB's Chief Officer and Chief Financial Officer to manage this within the context of the IJB's overall services budget and advise each partner, as appropriate, regarding how this overspend will be managed or contained.
- 3.8.2 Where resources have been vired from one partner to another and an underspend arises in relation to resources transferred, it is the responsibility of the IJB's Chief Officer and Chief Financial Officer to manage this within the context of the IJB's overall services budget and advise each partner, as appropriate, regarding how this underspend will be managed taking into account the reserves policy in place for the IJB.
- 3.8.3 All virement proposals should take cognisance of existing contractual arrangements and any other conditions attached to funding.

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## Section 4: Capital Planning Process

### 1. Introduction

- 1.1 The Strategic Plan considers all of the resources available to deliver the objectives approved within the Integration Scheme, including assets owned by the Health Board on behalf of Scottish Ministers, and local authority. The purpose of this section is to describe the arrangements for making effective use of these assets.

### 2. Background

- 2.1 The (IRAG) professional guidance for integration arrangements indicates that as the IJB will not directly own any property or assets, nor receive any capital allocations, grants or have the power to borrow or invest in capital expenditure, the Chief Officer of the IJB is recommended to consult with the local authority and Health Board partners to make best use of existing resources and develop capital programmes.
- 2.2 This policy acknowledges that in the short term at least, current arrangements within each partner organisation will continue to apply, but that in the longer term the Chief Officer may wish to consider alternative arrangements in the discharge of the IJB business.
- 2.3 The IRAG states that in developing the Strategic Plan, the Chief Officer of the IJB is advised to consider the CIPFA guidance on place based asset management.
- 2.4 Where the Chief Officer identifies the need for new investment within the Strategic Plan, a business case should be developed for the proposal for both partners to consider. Options may include one or both of the partners approving the project from its capital budget or where appropriate using the hub initiative as the procurement route to deliver the capital investment. This is a matter for local agreement.

### 3. Proposal for management of the Capital Plan

- 3.1 The HSCP will prepare a capital plan in tandem with the rolling annual capital planning process operated within each partner organisation. This will be the outcome of a strategic review of HSCP service priorities, and should take the form of an itemised list of proposed capital spending, set out in priority order. A brief summary should be provided for each scheme and this should include the following items: title of scheme, brief overview, timing, intended benefits, funding plan, net funding requirement, revenue funding consequences.
- 3.2 The HSCP will be expected to update and formally approve its capital plan on an annual basis.
- 3.3 Along with an annual update of its capital plan, the HSCP should review its premises needs, including existing owned and leased clinical and office premises. The output of this review should be a premises plan identifying: **(a)** requests for new/upgraded

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accommodation **(b)** planned disposal/vacation of premises no longer required, over the forthcoming period. Major requirements for new/upgraded accommodation should be included in the HSCPs capital plan with minor schemes being set out in a supplementary listing.

- 3.4 For NHSGG&C capital funding there will be an annual process by the lead Chief Financial Officer involving all HSCP Chief Officers or designated representatives to reach agreement on an allocation of formula capital funding to each individual HSCP in respect of minor works and minor equipment. This is in accordance with current arrangements which are in place within the NHS Scheme of Delegation.
- 3.5 It is proposed that the HSCP's Capital Plan be developed within a Joint Capital Planning Group (JCPG). Together with the supplementary listing of planned minor premises schemes, the HSCPs Capital Plan would be submitted for approval by the HSCP Management Team, and thereafter to the IJB.

#### **4. Joint Capital Planning Group**

- 4.1 A local JCPG should be established within the HSCP. This group will be responsible for taking an overall strategic overview of the HSCP's capital plans with a view to assessing potential sources of finance and also assessing opportunities for joint proposals across more than one HSCP, and providing advice on how best to take forward capital proposals within NHSGG&C and /or Renfrewshire Council's capital planning processes. Responsibility for prioritising capital projects will continue to be exercised by the partner bodies within their already established capital planning/capital bidding processes.
- 4.2 Following review by JCPG, HSCP capital plans will be taken forward within NHSGG&C and Renfrewshire Council's capital planning process as appropriate.
- 4.3 A joint operational capital sub group will also be established within the HSCP at a local level, comprising of officers with appropriate skills and experience.
- 4.4 The joint operational capital sub group will take responsibility for:
- maintenance of a register identifying all Renfrewshire Council and NHSGG&C Community based properties, utilising information provided by partners. This will be used as a reference point when considering draft HSCP capital plans.
  - maintenance of a register of jointly occupied premises, recording details of joint funding agreements related to such jointly occupied premises and ensuring that this is kept up to date. This work will be co-ordinated by Renfrewshire Council and NHSGG&C Capital planners, who will be accountable to the Chief Officer in this regard on a regular basis.

#### **5. Rolling Capital Planning Process**

- 5.1 Both NHSGG&C and Renfrewshire Council operate a rolling capital programme.

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## **6. Business Case Preparation and Guidance**

Existing documented procedures for developing business cases to source capital funding should be utilised. Where a project is funded via NHSGG&C, their documentation and process will be followed. Where a project is funded via Renfrewshire Council their documentation and process will be followed. Where joint bids are being made, the approval of both partners through their respective processes will be required. Approval levels with the partner organisations will be determined by the appropriate Schemes of Delegation.

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## Section 5: Managing Financial Performance

### 1. Introduction

- 1.1 The purpose of this section is to outline provisions for managing the in-year financial performance of the Integrated Budget, as directed in the IRAG guidance. This includes the requirement that the Chief Officer receives financial performance information for their operational role in NHSGG&C and Renfrewshire Council as well as their strategic role in the IJB.

### 2. Budget monitoring

- 2.1 The NHSGG&C Director of Finance, Renfrewshire Council Section 95 Officer, and, the IJB CO and CFO will establish a process of regular in-year reporting and forecasting to provide the Chief Officer with management accounts for both arms of the operational budget and for the IJB as a whole.
- 2.2 Whilst NHSGG&C and Renfrewshire Council will each continue with their own schedule of in-year financial reporting and forecasting requirements, reporting to the IJB will be in line with the schedule of IJB meetings.
- 2.3 NHSGG&C and Renfrewshire Council will agree a consistent basis for the preparation of management accounts reported to the IJB. This should initially reflect the current reporting arrangements for each organisation.

### 3. Budget Management

- 3.1 The IJB will direct the resources it receives from NHSGG&C and Renfrewshire Council in line with its Strategic Plan, ensuring that planned activity can be met from the available resources and achieve a year end breakeven position. This is essential for the financial stability of the IJB itself and for NHSGG&C and Renfrewshire Council.
- 3.2 The Chief Officer is responsible for the management of in-year pressures and should take remedial action to mitigate any net variances and deliver the planned outturn. Expenditure outwith the total resources available should not be incurred.
- 3.3 The Chief Officer can transfer resources between the two arms of the operational Integrated Budget subject to appropriate approvals. This requires in-year balancing adjustments to the allocations from the IJB to Renfrewshire Council and NHSGG&C as per the guidance in the Scheme of Virement at Section 3.
- 3.4 **Managing overspends**
- 3.4.1 If an overspend is forecast on either arm of the operational Integrated Budget, the Chief Officer and the Chief Finance Officer should agree a recovery plan to balance the overspending budget. Where appropriate, approval should be sought in line with the scheme of delegation. This plan should include clear options and target savings with named persons responsible for delivering them, which are closely monitored and controlled.

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- 3.4.2 In addition, the IJB may increase the payment to the overspending partner, by either:
- Utilising an underspend on the other arm of the operational Integrated Budget to reduce the payment to that body; and/or
  - Utilising the balance on the general fund, if available, of the IJB in line with the reserves policy.
- 3.4.3 If the recovery plan is unsuccessful and there are insufficient general fund reserves to fund a year end overspend, then the partners have the option to:
- Make additional one-off payments to the IJB;
  - Provide additional resources to the IJB which are then recovered in future years, subject to scrutiny of the reasons for the overspend and assurance that there is a plan in place to address this; or
  - Reprioritise in-year expenditure subject to other governance arrangements.
- 3.4.4 The IJB will not ordinarily be required to contribute to the management of in-year overspends on non-integrated budgets in Renfrewshire Council or NHSGG&C. In the event of a projected in-year overspend elsewhere across Renfrewshire Council or NHSGG&C non-integrated budgets, they should contain the overspend within their respective non-integrated resources.
- 3.4.5 The exception to this general principle relates to exceptional circumstances as defined by local arrangements.
- 3.4.6 The IJB will not be required to contribute to overspends in other IJB's within NHSGG&C other than in those specific budget areas where risk sharing applies as set out in the Management of Integrated Budgets Guiding Principles document. Otherwise, the responsibility for this lies with the overspending IJB who should apply the process noted above within their own authority for in-year overspends. However, financial risk should be managed through the financial management process noted above and the use of reserves, where available.
- 3.5 Managing underspends**
- 3.5.1 Any net underspends on either arm of the operational integrated budget, with the exception of ring fenced budgets should be returned to the IJB by Renfrewshire Council or NHSGG&C and carried forward through Renfrewshire Council's general fund, where the accounts of the IJB will be held.
- 3.5.2 The exception to this general principle relates to exceptional circumstances such as unplanned found income. Each exception will be reviewed on its individual merit.
- 3.5.3 In some years the IJB may plan for an underspend in order to build up reserve balances, although in practice the scope for this will be constrained given the context of financial challenge at least over the short to medium term.



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## **4. Financial Returns**

- 4.1 Health Boards and Local Authorities are currently required to complete the following financial/statistical returns for the Scottish Government:
- Health - routine financial performance monitoring returns are submitted to the SGHSCD and any other statutory organisation as required. Including Scottish Financial Returns (SFRs) for Annual Accounts and Cost Book SFRs.
  - Local Authority – Local Financial Returns (LFRs), Provisional Outturn and Budget Estimate (POBE) and Free Personal and Nursing Care data (FPNC).
- 4.2 Proposals will be developed by the Scottish Government to revise these returns to reflect the integration arrangements. Information on the revised arrangements for the LFR3 (Social Work return) will be issued by the Scottish Government. Guidance on the SFR will continue to be provided in the Unified Board Accounts Manual.

## **5. Statutory Performance Indicators**

- 5.1 All Local Authorities are required to report annually on a set of operational and financial performance indicators known as Statutory Performance Indicators (SPIs) as specified by Audit Scotland. Of those specified for Social Work, none relate specifically to finance.
- 5.2 From 2013/14, all Local Authorities were also required to participate in the Local Government Benchmarking Framework (LGBF) used by Audit Scotland to compare their performance against a suite of indicators. Of the 8 listed for Social Work Services, 4 relate specifically to financial measures. Details can be found at: <http://www.improvementservice.org.uk/benchmarking/index.html>
- 5.3 Health Boards are required to report on a range of performance measures including: HEAT targets and standards; targets identified at Health Board level; and other local performance indicators. The specific HEAT target for financial performance sets out that NHS Boards are required to operate within their agreed revenue resource limit; operate within their capital resource limit and meet their cash requirement. NHS Boards have an obligation to operate within their allocated funds and ensure value for money.
- 5.4 There is therefore a requirement to continue reporting on these indicators.

## **6. Role of budget holders**

- 6.1 The Chief Financial Officer will ensure that budget holders receive impartial advice, guidance and support and are provided with accurate, timeous and appropriate information to enable them to effect control over expenditure and income.
- 6.2 Budget holders are ultimately responsible for the budgets assigned to them and will be held accountable for all such budgets within their control.
- 6.3 The IJB will ensure arrangements are put in place to hold budget holders to account, particularly where financial problems or potential overspends have been identified.

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This should consist of formal meetings held on a regular basis chaired by the Chief Officer and/or Chief Financial Officer, where the Budget Holder will be expected to report on areas of concern and propose corrective actions.

- 6.4 Budget holders have a responsibility to formally report any major financial problems identified within the service to the Chief Financial Officer who can instruct appropriate action and report to the IJB if required.
- 6.5 Budget holders should alert and consult the Chief Financial Officer where no budget is available but where expenditure is essential to the discharge of the functions of the IJB.
- 6.6 Budget holders should at all times comply with Renfrewshire Council and NHS GGC's: Financial regulations; standing orders; schemes of delegation SFIs etc.

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## **Section 6: Reserves Policy**

### **1. Legislation**

- 1.1 Section 106 of the Local Government (Scotland) Act 1973 as amended, empowers the IJB to hold reserves which must be accounted for in the financial accounts and records of the Partnership Board.
- 1.2 The IJB will develop a reserves policy and a strategy which will include the level of reserves required and their purpose. This will be agreed as part of the annual budget setting process and will be reflected in the Strategic Plan and subject to ongoing review dependent on the financial position of the partnership.

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## **Section 7: VAT**

### **1. VAT**

- 1.1 This section will be added once all VAT implications have been clarified.

## **The Role of the CFO**

### **The Chief Financial Officer in a public service organisation:**

- is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest;
- must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the authority's financial strategy; and
- must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

### **To deliver these responsibilities the Chief Financial Officer:**

- must have access-to appropriate financial information and analysis.

### **Core CFO responsibilities:**

#### **Developing and implementing organisational strategy :**

- Contributing to the effective leadership of the authority, maintaining focus on its purpose and vision through rigorous analysis and challenge.
- Contributing to the effective corporate management of the authority, including strategy implementation, cross organisational issues, integrated business and resource planning, risk management and performance management.
- Supporting the effective governance of the authority through development of corporate governance arrangements, risk management and reporting framework; and
- Leading development of a medium term financial strategy and the annual budgeting process for the Integration Joint Board to ensure financial balance and a monitoring process to ensure its delivery.

#### **Responsibility for financial strategy:**

- Agreeing the financial framework with sponsoring organisations and planning delivery against the defined strategic and operational criteria.
- Maintaining a long term financial strategy to underpin the authority's financial viability within the agreed performance framework.
- Implementing financial management policies to underpin sustainable long-term financial health and reviewing performance against them.
- Co-ordinating the planning and budgeting processes.

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**Influencing decision making:**

- Ensuring that opportunities and risks are fully considered, decisions are aligned with the overall financial strategy and appropriate briefings are provided to the Integration Joint Board.
- Providing professional advice and objective financial analysis enabling decision makers to take timely and informed business decisions. (This will require a strong working relationship with Directors of Finance and related Chief Financial Officers).
- Ensuring that clear, timely, accurate advice is provided to the Chief Officer/Integration Joint Board in setting the funding plan/budget.
- Ensuring that advice is provided to the scrutiny function in considering the funding plan/budget.

**Financial information for decision makers:**

- Monitoring and reporting on financial performance that is linked to related performance information and strategic objectives that identifies any necessary corrective decisions.
- Responsibility for the consolidation of appropriate management accounts information received from Health Board and Local Authority.
- Ensuring the reporting envelope reflects partnerships and other arrangements to give an overall picture.

**Value for money:**

- Challenging and supporting decision makers, especially on affordability and Best Value, by ensuring policy and operational proposals with financial implications are signed off by the finance function.
- Reporting to the IJB on the efficiency programmes being delivered within the Operational Units
- Co-ordinating appropriate Benchmarking Exercises.

**Safeguarding public money:**

- Implementing effective systems of internal control that include standing financial instructions.
- Ensuring that the authority has put in place effective arrangements for internal audit of the control environment and systems of internal control as required by professional standards and in line with CIPFA's Code of Practice.
- Ensuring that delegated financial authorities are respected.
- Promoting arrangements to identify and manage key business risks, risk mitigation and insurance.
- Implementing appropriate measures to prevent and detect fraud and corruption.
- Ensuring that any partnership arrangements are underpinned by clear and well documented internal controls.

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**Assurance and scrutiny:**

- Reporting performance of both the authority and its partnerships to the board and other parties as required.
- Ensuring that financial and performance information presented to members of the public, the community and the media covering resources, financial strategy, service plans, targets and performance is accurate, clear, relevant, robust and objective.
- Supporting and advising the Audit Committee and relevant scrutiny groups. This now needs to include a review of the Statement of Internal Controls.
- Ensuring that clear, timely, accurate advice is provided to the Chief Officer/ Integration Joint Board and the scrutiny functions on what considerations can legitimately influence decisions on the allocation of resources, and what cannot.
- Ensuring that the financial statements are prepared on a timely basis, meet the requirements of the law, financial reporting standards and professional standards as reflected in the Code of Practice on Local Authority Accounting in the United Kingdom developed by the CIPFA/LASAAC Joint Committee.
- Certifying the annual statement of accounts.
- Ensuring that arrangements are in place so that other accounts and grant claims (including those where the authority is the accountable body for community led projects) meet the requirements of the law and of other partner organisations and meet the relevant terms and conditions of schemes
- Liaising with the external auditor.

**Leading and Directing the Finance Function:** - arrangements will depend on local agreement

- To receive assurance from Directors of Finance that efficient and effective professional services from the finance staff in both Health and Local Authorities is being delivered.
- Identifying and equipping managers and the Leadership Team with the financial competencies and expertise needed to manage the business both currently and in the future.





## Future Reporting Timetable

**Table 1**

Renfrewshire Period End Dates 2016/17		
Period	Period End Date	Reports Available
1	29/04/2016	10/05/2016
2	27/05/2016	07/06/2016
3	24/06/2016	05/07/2016
4	22/07/2016	02/08/2016
5	19/08/2016	30/08/2016
6	16/09/2016	27/09/2016
7	14/10/2016	25/10/2016
8	11/11/2016	22/11/2016
9	09/12/2016	20/12/2016
10	06/01/2017	17/01/2017
11	03/02/2017	14/02/2017
12	03/03/2017	14/03/2017
13	31/03/2017	11/04/2017

**Table 2**

NHS Month End Dates 2016/17		
Month	Month Ending	Reports Available
1	30/04/2016	N/A
2	31/05/2016	c 16/06/2016
3	30/06/2016	c 16/07/2016
4	31/07/2016	c 18/08/2016
5	31/08/2016	c 16/09/2016
6	30/09/2016	c 16/10/2016
7	31/10/2016	c 17/11/2016
8	30/11/2016	c 16/12/2016
9	31/12/2016	c 19/01/2017
10	31/01/2017	c 16/02/2017
11	28/02/2017	c 16/03/2017
12	31/03/2017	c 19/04/2017

**Table 3**

Proposed IJB Reporting Dates		
IJB Board Meeting Dates (TBC)	SW	NHS
13 May 2016	Final Position 15/16	Final Position 15/16
15 July 2016	07/06/2016 (P2)	16/06/2016 (M2)
16 September 2016	30/08/2016 (P5)	18/08/2016 (M4)
18 November 2016	25/10/2016 (P7)	17/11/2016 (M7)
13 January 2017	22/11/2016 (P8)	16/12/2016 (M8)
17 March 2017	14/02/2017 (P11)	16/02/2017 (M10)



**To: Renfrewshire Integration Joint Board**

**Subject: Financial Report 1<sup>st</sup> April to 30<sup>th</sup> June 2015**

**On: 18 September 2015**

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**Report by: Chief Finance Officer Designate**

**1. Purpose**

- 1.1. The purpose of this report is to advise the Shadow Integration Joint board (IJB) of the Revenue and Capital Budget current year position as at the 26<sup>th</sup> (Social Work) and 30<sup>th</sup> June 2015 (Health).

**2. Recommendation**

That the Integration Joint Board:

- are requested to note the financial position to date.
- and note that the financial planning process for 2016/17 is now underway.

**3. Summary**

- 3.1 The overall revenue position for the HSCP at 30<sup>th</sup> June is an underspend of £12k as detailed in the table below (and appendices 1 and 2).

Division	Current Reported Position	Previously Reported Position
Social Work – Adult Services	breakeven	n/a
Renfrewshire Health Services	£13k underspend	n/a
<b>Total Renfrewshire HSCP</b>	<b>£13k underspend</b>	<b>n/a</b>

- 3.2. The key pressures are highlighted in section 4 and 5.

**4. Social Work – Adult Services**

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<b>Current Position:</b>	<b>Breakeven</b>
<b>Previously Reported:</b>	<b>n/a</b>

**4.1**

**Older People**

Current Position:	Net overspend of £39k
Previously Reported:	n/a

The overspend within Older People services reflects significant pressures within the care at home service due to the shift in the balance of care to support people remaining safely at home for as long as possible, along with the council's commitment to reducing bed days lost to delayed discharges from hospital.

This pressure is partially mitigated by an underspend in the external care home placement budget.

In addition to the pressures within the care at home service there is also an under recovery of income from the Council's residential Care Homes due to the current levels of under occupancy.

**4.2**

**Physical Disabilities**

Current Position:	Net overspend of £14k
Previously Reported:	n/a

This overspend is due to increases in the purchase of equipment to support service users to stay in their own homes reflecting the shift in the balance of care to the community and their associated needs.

**4.3**

**Learning Disabilities**

Current Position:	Net underspend of £112k
Previously Reported:	n/a

This underspend is mainly due to the time taken to recruit to new posts within the Learning Disability day services.

**4.4**

**Mental Health**

Current Position:	Net overspend of £28k
Previously Reported:	n/a

This overspend is mainly due to higher than anticipated payroll costs.

**4.5**

**Addictions**

Current Position:	Net overspend of £31k
Previously Reported:	n/a

This overspend is mainly due to higher than anticipated payroll cost.

**5.**

**Renfrewshire Health Services**

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<b>Current Position:</b>	<b>£13k Underspend</b>
<b>Previously Reported:</b>	<b>n/a</b>

5.1

**Addictions**

Current Position:	Net underspend of £57k
Previously Reported:	n/a

This underspend is mainly due to lower than anticipated payroll costs reflecting the position staff are currently placed on the pay scale.

5.2

**Adult Community Services**

Current Position:	Net overspend of £82k
Previously Reported:	n/a

This overspend reflects continued pressure on the community equipment budget (EQUIPU), along with an overspend on the salaries within RES (Rehabilitation and Enablement Service). Pressure is also emerging board wide on costs associated with 'Enteral Feeding' which will be closely monitored over the next few months.

5.3

**Children's Services**

Current Position:	Net underspend of £51k
Previously Reported:	n/a

Overall, Children's services are reporting an underspend of £51k. This is mainly due to general nursing underspends within Specialist services, and CAMHS (Children and Adolescent Mental Health Services) due to ongoing recruitment issues for psychologists.

5.4

**Hosted Services**

Current Position:	Net underspend of £84k
Previously Reported:	n/a

This underspend reflects historical underspends within the service due to vacant administrative and special project posts.

5.5

**Mental Health**

Current Position:	Net overspend of £60k
Previously Reported:	n/a

Overall, Mental Health services are reporting an overspend of £60k. This overspend is due to a number of contributing factors within both in-patient and elderly services. This is offset by an underspend within the adult community budget due to vacancies within the service which are due to be filled.

The main overspends within the in-patient service relate to the Recovery Unit and costs relating to special observations. The overspend within the elderly service is due to a combination of agency and special observation costs.

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These areas will be subject to ongoing monitoring and review.

**5.6 Other Services**

Current Position: Net overspend of £25k  
Previously Reported: n/a

The overspends within other services are mainly in relation to the impact of the 15/16 workforce planning savings which have yet to be reallocated across other divisions of service.

Other services relates to the costs associated with running premises occupied by the HSCP eg administration costs; hotel services and property related costs including rates and rental costs.

**5.7 Prescribing**

Current Position: Breakeven  
Previously Reported: n/a

Currently, the GP prescribing position shows a breakeven position. However, as GP prescribing is extremely volatile, there continues to be an element of financial risk and this will therefore continue to be subject to close scrutiny and monitoring throughout 2015/16.

**6. 2015/16 Capital Programme**

Description	Budget	Spend to Date	Still to Spend
Anchor Centre Roof Replacement	£400k	£0k	£400k
<b>Total SW</b>	<b>£400k</b>	<b>£0k</b>	<b>£400k</b>

The programme to replace the Anchor Centre roof and it is anticipated that it will be completed in 2015/16.

**7. Financial Planning 2016/17**

The budget strategy for 2016/17 has now commenced for both partners. In line with existing arrangements for both the Council and Health Board, the partnership has been asked to submit detailed proposals for service based savings along with identifying future demand / pressures and potential corresponding mitigation. It is anticipated that the Council process will be finalised towards the end of the Calendar Year and the Health Board slightly later. A summary of the agreed proposals will be brought back to the IJB for information.

**Implications of the Report**

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1. **Financial** – the report covers the financial governance arrangements being developed to support effective joint working within allocated budgets.
  2. **HR & Organisational Development** – n/a
  3. **Community Planning** - n/a
  4. **Legal** – The financial governance arrangements support the implementation of the provisions of the Public Bodies (Joint Working) (Scotland) Act 2014.
  5. **Property/Assets** – property remains in the ownership of the parent bodies.
  6. **Information Technology** – n/a
  7. **Equality & Human Rights** – The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
  8. **Health & Safety** – n/a
  9. **Procurement** – n/a.
  10. **Privacy Impact** – n/a.

**List of Background Papers** – none

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Author: Sarah Lavers, Chief Finance Officer (Designate)





**Social Work Revenue Budget Position**  
**1st April 2015 to 26th June 2015**

Subjective Heading	Annual Budget £000's	Year to Date Budget £000's	Actual to Date £000's	Variance		
				£000's	%	
Employee Costs	23,751	4,582	4,700	(118)	-2.6%	overspend
Property Costs	1,081	112	115	(3)	-2.7%	overspend
Supplies and Services	1,431	190	201	(11)	-5.8%	overspend
Contractors	45,277	8,799	8,683	116	1.3%	underspend
Transport	722	114	109	5	4.4%	underspend
Administrative Costs	251	75	64	11	14.7%	underspend
Payments to Other Bodies	4,277	(68)	(68)	-	0.0%	breakeven
Capital Charges	1,404	-	-	-	0.0%	breakeven
<b>Gross Expenditure</b>	<b>78,194</b>	<b>13,804</b>	<b>13,804</b>	<b>-</b>	<b>0.0%</b>	<b>breakeven</b>
<b>Income</b>	<b>(22,615)</b>	<b>(2,788)</b>	<b>(2,788)</b>	<b>-</b>	<b>0.0%</b>	<b>breakeven</b>
<b>NET EXPENDITURE</b>	<b>55,579</b>	<b>11,016</b>	<b>11,016</b>	<b>-</b>	<b>0.00%</b>	<b>breakeven</b>

Position to 26th June is a breakeven of £0    0.00%  
Anticipated Year End Budget Position is a breakeven of £0    0.00%

Client Group	Annual Budget £000's	Year to Date Budget £000's	Actual to Date £000's	Variance		
				£000's	%	
Older People	35,950	6,493	6,532	(39)	-0.6%	overspend
Physical or Sensory Difficulties	5,102	805	819	(14)	-1.7%	overspend
Learning Difficulties	12,654	2,656	2,544	112	4.2%	underspend
Mental Health Needs	921	564	592	(28)	-5.0%	overspend
Addiction Services	952	209	240	(31)	-14.8%	overspend
Integrated Care Fund	-	289	289	-	0.0%	breakeven
<b>NET EXPENDITURE</b>	<b>55,579</b>	<b>11,016</b>	<b>11,016</b>	<b>-</b>	<b>0.00%</b>	<b>breakeven</b>

Position to 26th June is a breakeven of £0    0.00%  
Anticipated Year End Budget Position is a breakeven of £0    0.00%

**Health Revenue Budget Position  
1st April 2015 to 30th June 2015**

Subjective Heading	Annual Budget £000's	Year to Date Budget £000's	Actual to Date £000's	Variance		
				£000's	%	
Employee Costs	42,080	10,513	10,438	75	0.7%	underspend
Property Costs	781	143	120	23	16.1%	underspend
Supplies and Services	10,008	1,539	1,547	(8)	-0.5%	overspend
Purchase of Healthcare	44	11	16	(5)	-45.5%	overspend
Resource Transfer	16,590	4,148	4,148	-	0.0%	breakeven
Family Health Services	77,562	18,916	18,913	3	0.0%	underspend
Savings	(298)	(75)	-	(75)	100.0%	overspend
Capital Charges	1,573	393	393	-	0.0%	breakeven
<b>Gross Expenditure</b>	<b>148,340</b>	<b>35,588</b>	<b>35,575</b>	<b>13</b>	<b>0.0%</b>	<b>underspend</b>
<b>Income</b>	<b>(4,348)</b>	<b>(1,455)</b>	<b>(1,455)</b>	<b>-</b>	<b>0.0%</b>	<b>breakeven</b>
<b>NET EXPENDITURE</b>	<b>143,992</b>	<b>34,133</b>	<b>34,120</b>	<b>13</b>	<b>0.04%</b>	<b>underspend</b>

Position to 30th June is an underspend of **£13k** **0.04%**  
Anticipated Year End Budget Position is a breakeven of **£0** **0.00%**

Client Group	Annual Budget £000's	Year to Date Budget £000's	Actual to Date £000's	Variance		
				£000's	%	
Addiction Services	2,662	582	525	57	9.8%	underspend
Adult Community Services	13,997	3,114	3,196	(82)	-2.6%	overspend
Children's Services	5,061	1,288	1,237	51	4.0%	underspend
Learning Disabilities	952	241	254	(13)	-5.4%	overspend
Mental Health	18,528	4,601	4,661	(60)	-1.3%	overspend
Hosted Services	3,381	838	754	84	10.0%	underspend
Prescribing	32,985	8,208	8,208	-	0.0%	breakeven
GMS	22,584	5,628	5,628	-	0.0%	breakeven
Other	19,897	4,539	4,539	-	0.0%	breakeven
Planning and Health Improvement	1,247	304	303	1	0.3%	underspend
Other Services	2,742	571	596	(25)	-4.4%	overspend
Resource Transfer	16,590	4,148	4,148	-	0.0%	breakeven
Integrated Care Fund	3,267	72	72	-	0.0%	breakeven
<b>NET EXPENDITURE</b>	<b>143,893</b>	<b>34,134</b>	<b>34,121</b>	<b>13</b>	<b>0.04%</b>	<b>underspend</b>

Position to 30th June is an underspend of **£13k** **0.04%**  
Anticipated Year End Budget Position is a breakeven of **£0** **0.00%**